

**SUMMARY OF ACTION
OCCUPANCY TAX ADVISORY BOARD
CITY HALL, COUNCIL CHAMBERS
TUESDAY, JANUARY 22, 2019, 10:00 AM**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER		1
ROLL CALL	QUORUM	1
APPROVAL OF AGENDA	APPROVED	1
APPROVAL OF MINUTES	APPROVED	1-2
FINAL REPORT - FUNDING 2018 SANTA FE COUNCIL ON INTERNATIONAL RELATIONS	INFORMATION/DISCUSSION	2-3
<u>UPDATES FROM RANDY RANDALL</u>		
LODGERS TAX	INFORMATION/DISCUSSION	4
NORTHERN NEW MEXICO AIR ALLIANCE	INFORMATION/DISCUSSION	4-5
2019 OTAB GRANT FUNDING RECAP	INFORMATION/DISCUSSION	5
<u>CVB ACTIVITY REPORTS</u>		
SALES REPORT	INFORMATION/DISCUSSION	5-6
MARKETING REPORT	INFORMATION/DISCUSSION	6
EXECUTIVE DIRECTOR REPORT	INFORMATION/DISCUSSION	6-9
OTHER MATTERS BY THE BOARD	NONE	9
ADJOURNMENT	ADJOURNED	9

**OCCUPANCY TAX ADVISORY BOARD
CITY HALL, COUNCIL CHAMBERS
TUESDAY, JANUARY 22, 2019, 10:00 AM**

I. PROCEDURES

A. CALL TO ORDER

The meeting of the Occupancy Tax Advisory Board was called to order by Jon Hendry, Chair, at 10:00 am, on Tuesday, January 22, 2019 at City Hall in the City Council Chambers, Santa Fe, New Mexico.

B. ROLL CALL

BOARD MEMBERS PRESENT

Jon Hendry, Chair
Elizabeth Pettus
Victoria Bruneni
Al Lucero
Maria Rotunda

BOARD MEMBERS ABSENT

OTHERS PRESENT

Randy Randall, Director, City of Santa Fe, Tourism Santa Fe Department
David Carr, TSF Director of Sales
Jordan Guenther, TSF Marketing Director
Sandy Campbell, Executive Director, Santa Fe Council on International Relations
Rick Blithe, La Fonda
Chuck Case, Santa Fe Council on International Relations
Elizabeth Martin, Stenographer

C. APPROVAL OF AGENDA

MOTION A motion was made by Mr. Lucero, seconded by Ms. Bruneni, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

**D. APPROVAL OF MINUTES
NOVEMBER 27, 2018**

MOTION A motion was made by Ms. Bruneni, seconded by Ms. Rotunda, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote.

II. FINAL REPORT - FUNDING 2018

A. SANTA FE COUNCIL ON INTERNATIONAL RELATIONS

Mr. Campbell stated that his report is in the packet. He reviewed the report.

Mr. Campbell said he would like to give his reflections on the report. He said we are an unusual group within Santa Fe. We need marketing funds to publicize our event, but we need administrative assistance funds as well. He is going to Washington this week and is going to let them know how successful the 2018 event was and that he would like to do these events more often. Marketing is not his priority. His priority is high quality staff for the events they hold with the United States State Department. The State Department sends 50 diplomats each year. He will apply for OTAB in the future, but would love OTAB to think about other areas for funding that would increase hotel nights. The OTAB funds were a huge part of the success of the conference. He would love to talk about how OTAB could help in different ways.

Mr. Lucero asked how are you funded.

Mr. Campbell said we get one third of our funding from the State Department. We are a membership organization so we receive membership dues and we get grants.

Mr. Lucero asked are you stable funding wise.

Mr. Campbell said the shut down does not help.

Mr. Lucero asked do you keep track of the countries represented and if you do who is the most represented country.

Mr. Campbell said the Ukraine is the number one. The State Department makes the decision of who they send.

Mr. Randall said these are structured visits to Santa Fe. It is not a vacation.

Mr. Campbell said the State Department puts out proposals of training needed for entities around the world. We respond to those proposals. We provide great programs through three days of professional meetings. We know how to treat visitors. We have had groups of women entrepreneurs that have wanted to meet women entrepreneurs in the United States. We partner with The Hotel Santa Fe. What we are doing right now with State is going to them and saying lets be more intentional about our exchange efforts. We will tell them what we really want. He is actively lobbying for

groups of indigenous leaders to come here and meet with our indigenous leaders. The point is exchange of understanding of who we are and for us to understand who they are.

Mr. Randall said he does not think we have spent \$7,500 through OTAB and had a better return on an investment ever. Sandy did a great job on this. We recently had an article in the Washington Post valued at \$250,000. This article about his conference was probably worth \$250,000 as well. We can't do staff funding, but he is going to work with Sandy to see how we might be able to help with the conference more in other ways. He has some money in his budget next year where we can serve as a sponsor for this type of event. His point about having the City put skin in the game to allow him to get more sponsors was one he had not heard before from a recipient of OTAB funds.

Mr. Campbell said the journalist who wrote the article in the Post about the conference is coming back to Santa Fe to promote his book.

Ms. Pettus suggested that Mr. Campbell speak with NARF or SWAIA to maybe combine a project with the three and apply for funds.

Mr. Campbell said partnering with statewide organizations is part of this and where we get marketing return.

Chair Hendry said that is an interesting point. OTAB funds are specifically for marketing. Randy is working with the City to look at arts money. We will see where that goes. We are doing Film Week in a couple of weeks and do Music Week in the summer. He is proposing a Book Week this year as well. He commended Mr. Campbell on what he is doing.

Mr. Randall said the County has LTAB funds that are used for marketing as well. He is hoping we can, as we do budgets, come up with some joint funds, City and County, for exactly this kind of event.

Mr. Campbell said hopefully there can be some flexibility.

Mr. Randall said this is something we need to consider and be very careful with. Especially in opening it up too far. He is not much in favor of expanding the opportunities for OTAB funds. We were limited to \$100,000 this past year and had requests for over \$150,000.

III. UPDATES FROM RANDY RANDALL

A. LODGERS TAX

Mr. Randall reported that in November they had an increase of 18.5% in Lodgers Tax. Only \$7,000 of that was short term rentals in lodging. December was flat.

Mr. Randall handed out a chart showing the amount of Lodgers Tax collected in 2018 versus 2017. The chart is attached to these minutes as Exhibit "1".

Mr. Randall said it is interesting to look at this on a calendar basis. It shows we have achieved 2.5% to 3% increase in overall occupancy. RevPAR is at an 8.8% increase. He reviewed the report.

Mr. Lucero asked are you saying Buffalo Thunder and their other property out there are included in the citywide number.

Mr. Randall said they are included in Rocky Mountain Lodgers report, but not the Starr report.

Chair Hendry asked does the County collect occupancy tax on short term rentals.

Mr. Randall said he presumes if someone pays it to the County they keep it, but they do not have an aggressive effort to determine who is collecting and paying lodgers tax and who is not paying that should. He has offered to assist them with the collection of Lodgers Tax and has not had a positive response to the offer.

Chair Hendry asked is there a reason why.

Ms. Rotunda said not that she is aware of.

Mr. Randall said we don't have stats for County short term rentals. They do not have a permitting component in the County like we have in the City.

Chair Hendry said it comes to the fairness issue.

B. NORTHERN NEW MEXICO AIR ALLIANCE

Mr. Randall said the Air Alliance is in a bit of a step back and figure it out standpoint. They contracted with a third party firm to determine what the real need is for air traffic into Santa Fe that can be justified as opposed to just going to airlines and saying we would really like you to bring in this flight. The idea is to determine what the community can substantiate and take that to the airlines to show them that the capacity is there. They have a raffle going on that they project will raise \$30,000 to \$40,000. It is really important that the Air Alliance shows the governmental entities supporting it that

they are trying to build their own cash. The County will fund the Alliance again this year at \$50,000. He is hopeful that Los Alamos and Taos will come in at \$50,000 as well as they did last year. In the City budget he has \$100,000 for marketing efforts that the Air Alliance does. Funding from the City was held up waiting for the Air Alliance to form a formal relationship with the City. That happened in December.

Chair Hendry said he would still like to encourage the Airport to work on the parking.

Mr. Randall said the Airport is handling over five hundred people a day. It has increased significantly. The Alliance has taken the position that the management of the Airport should be left to the City. They had started to involve themselves in the management. On the management side they should be a critic and supporter, not a deliverer of product. That is up to the manager of the Airport. For awhile management was in limbo, but now we have an Airport Manager and are about to have a new Operations Manager. The Advisory Board has been reconstituted with membership support from the City Council. Its view of the Airport has been expanded from strictly aviation to customer needs as well. The Alliance is taking the support and criticism role. It is inappropriate for them to be involved in management.

Chair Hendry said the Airport is the biggest area of commerce in town.

IV. 2019 OTAB GRANT FUNDING RECAP

Mr. Randall said the 2019 OTAB Grant Funding Recap is in your meeting packet on page 11. The purpose of this is to remind the OTAB Committee of the grants that were awarded. All of the applicants have been notified. We have heard from everyone, but Lowrider. When we hear from them they will accept it as well. We are moving ahead with that. We did fully expend the \$100,000.

V. CVB ACTIVITY REPORTS

A. SALES REPORT

Mr. Carr stated that his report is in the meeting packet. He reviewed the report.

Mr. Lucero asked where are the 2019 projections.

Mr. Carr said he is working on those and did not include them. He looked at the first quarter and we are pacing 25% ahead of last year from a group standpoint. The second and third quarters are a bit soft at this time.

Mr. Randall said David just completed the sales plan for this year on a calendar year basis. Most hotels are on a calendar year. It will be posted on the website and he will send it to each of you as well.

Mr. Carr said it is on the City website as well.

B. MARKETING REPORT

Mr. Guenther stated that his report is in the meeting packet. He reviewed the report.

Ms. Pettus said on the promotion is it free with purchase.

Mr. Guenther said yes. It is added value. Free with purchase is terrific.

Mr. Randall said either way it is for free.

Chair Hendry said the TV series Roswell is on CW right now. They will give you a good deal for ads on TV. We, Shoot Santa Fe, will be holding our annual Sundance Party next Sunday. The City should continue to attend the film festivals in the area and here. It will be 11:00 am to 2:00 pm on Sunday.

C. EXECUTIVE DIRECTOR REPORT

Mr. Randall reported that Deborah Garcia y Griego is now the State Secretary of Cultural Affairs designee and brings a lot of loyalty to the City of Santa Fe and Tourism Department with her so we have a friend there. Jennifer Schrier, the former head of the State Hospitality Association is the State Secretary of Tourism designee. She also is a strong supporter and a supporter of broadening the New Mexico True campaign to allow it to benefit all areas of the State. The Governor has in her budget a request for an \$8 million increase in marketing for the State Tourism budget which would be to both strengthen marketing in current areas and to broaden the reach to other areas and support a new campaign for outdoor recreation. The LFC has recommend \$1 million so we will see how that sorts out.

Mr. Randall said we are starting our budget process for the City. We have been asked to do a maintenance budget that carries through the current level of service at the current level of income and submit recommended changes to the budget which will be called budget proposals that will be considered at a high end level before we get into any detail. One of proposals is to add \$1.2 million of revenue and how we will spend that. With the departure of Deborah, he is the interim Director of the Arts Commission so he is putting that budget together as well. If anyone has any specific ideas of new things we might want to do as a Department please share that with him. If we get approval for a proposal then we will do the detail. All that happens before it goes to Council. Also we will be submitting a budget showing how we could make a 5%

reduction should we have to.

Mr. Randall reported that the Department just went out for RFP for our advertising contract. We will be at a \$1.5 million bid this year. We expect significant interest in the contract and expect our current vendor will bid again. We hope to have a recommendation by the end of March so it can go through the Committee and Council process to be done by May. We don't want any interruption in our advertising. We have completed an RFP for \$250,000 for a special marketing campaign for the visual arts and museums. It has been awarded to LOCA, a local firm. That recommendation will go to Council and Finance and once it is approved we will move ahead. Our new events for this year include, continuing to support Music Week and the Gran Fondo of Santa Fe which was approved and is a new event. It will be held on June 23rd. They have 90 entrants registered for the race so far. We are hoping to have 700 to 800 participants. Traditionally in other Gran Fondo events one third of the participants come from international locations. Another new event will be Art Week. The idea is to book end Art Week with the International Folk Art Market and the Arts Santa Fe Show in the Convention Center. The opportunity is to pick up occupancy on Sunday, Monday and Tuesday of that week. It will help fill in July and we will have Art Week when we know events are going on to support it. We have year round art events in Santa Fe, but these events are in July. He has had a less than enthusiastic response. The idea is not to have Tourism put on events, but to work together with event folks to put on events, such as Edible Santa Fe, to generate the interest we need. Tourism will provide a small amount of funding and will support the event in other ways. He is meeting with Canyon Road on Thursday.

Ms. Bruneni asked could we explore something similar to the Kids Free program to do promotions funneled through Tourism.

Mr. Randall said that is what we are doing for each one of them. Each one of them would have a landing page including the various weeks of Santa Fe. We will come up with Culinary Week at some point. We need to find partners to put these things on.

Chair Hendry said we have been trying to put together an organization to do maintenance of the events.

Mr. Randall said we have a person on staff who works with entities on these events, but we do not want to be in the ongoing event business.

Chair Hendry said you could if you create an organization to be in charge of Music Week etc as a connector.

Mr. Randall said we will help them get started but they need to walk on their own.

Chair Hendry said there needs to be some organization to come along and keep

the train running.

Mr. Randall said the beneficiaries of the events need to be willing to produce it.

Mr. Randall continued we are continuing again this year with the winter activity card that gives discounts to quite a few local events. Meow Wolf did not participate this year. We have expanded the Margarita Trail event to 45 members now. We are still using 30 as the completion point. We are reducing the price of the app from \$3.99 to \$2.99 to see if it makes a difference. We will not be reprinting the passports and will probably discontinue the sale of passports and they will only be available in app form. That will allow us to give the participating entities the opportunity to change up their margaritas. That is moving ahead very well. The other two apps we have are the Way Finder app. We have download of a little over 1,000 on that. The Santa Fe Art Experience app got off to a slow start, but we expect to give it higher visibility. Our Community Convention Center has been around for eleven years and over the years it has delivered some pretty bad service. He wanted to brag on the fact that it is really operating very well at this point. We did the National Governor's Conference and the Inaugurals there this year and both went off flawlessly. A lot of it was because our team is good at organizing, but also because the operation team executed and reacted and modified on the ground very well. We are in good shape over there now and he is proud of the team.

Mr. Randall said as interim Director of the Arts Commission we have a unique opportunity to ask is what we do now the best way to operate the Arts Commission. We now fund the Arts Commission at \$1.6 million per year. With the added revenue we are asking for, if approved, will go up. Is the current method of operation the best way to support the arts in Santa Fe. We are taking a step back and saying if we had a blank sheet of paper what would the arts program look like from the City of Santa Fe. Once we paint that picture we will make sure the job description for the Director matches the needs of the structure we want to have. Then we will be on track to source the Director. The Arts Commission has four full time employees and a fifth that was approved in the last budget, but has not been filled. They have considerable resources and we need to make sure we are getting the highest and best use from a City standpoint and for the beneficiaries of the Arts Commission.

Mr. Randall said he is meeting with a few leaders in the arts and is going to pull together a small group of current and past Arts Commission members who we feel could assist in that. It will be a short term task force. This all needs to be done in time for the budget. With Deborah's help we will get best practices information from some national organizations. He is also doing website research on what other cities are doing. It is hard to find comparables. Most cities with a vibrant program like ours have populations in excess of \$1 million and they have event offices and more resources. We don't have that kind of resource here. We don't want to create a rumor that we are going to be changing what we have done, but we want to make sure, as we move forward, that we are doing the best possible for visual arts and performing arts. The distribution of

the grant money has gone almost 90% to performing arts. The grant program is specifically for performing arts. Museums are included as non profits.

Ms. Pettus asked why don't we look at the City being in the event business.

Mr. Randall said we could be in the event business, but in his opinion we don't want to be in the event business without a very strong public/private partnership. The Music Week, etc are public/private partnerships. We want to see them transition over three to five years to be stand alone events. The City provides initial funding. The idea is a partnership.

Mr. Randall said regarding the membership on OTAB, he continues to appreciate that you continue to serve. He met with the Chief of Staff and the Mayor and will be moving ahead with appointments. He is hoping for February. He would appreciate it if you would continue to serve until you are reappointed or replaced. We appreciate your participation. Thank you.

Mr. Lucero said it occurs to him we have had record snowfall on the mountain. Have you seen different numbers from last year.

Mr. Randall said he sees more people walking around with skis and snow boards. We won't know from the hotel revenue standpoint until we get the results in. In February we will see what January did. From a lodgers tax standpoint when there is a 60 day session our collections go down. They don't pay lodges tax. Our bus for skiers is still running. It has been at over capacity. He reached out to RTD and they are going to have a back up bus. The initial bus continues to allow additional people to get crowded on and not wait for second bus. It has definitely proved its value. The ski area getting record numbers. In the future we could have Jordan report on that. He is on the Board.

VI. OTHER MATTERS BY THE BOARD

None.

VII. ADJOURNMENT

There being no further business before the Board the meeting adjourned at 11:35 AM.



Jon Hendry, Chair

Elizabeth Martin, Stenographer